

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Joint Application by BellSouth Corporation)	WC Docket No. 02-150
for Authorization under Section 271)	
of the Communications Act to)	
Provide In-Region, InterLATA Service)	
in the States of Alabama, Kentucky, Mississippi,)	
North Carolina and South Carolina)	

**Comments of
Communications Workers of America**

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Dated: July 11, 2002

I. Introduction

The Communications Workers of America (CWA) submits these comments in support of BellSouth's application for authority under Section 271 of the Communications Act to provide in-region, interLATA service in Alabama, Kentucky, Mississippi, North Carolina, and South Carolina. After exhaustive reviews, the Public Service Commissions in all five states determined that BellSouth has met the requirements of Section 271 of the Communications Act to open local markets to competition in their respective states. Because BellSouth's wholesale processes and systems are regional, the findings by this Commission of Section 271 compliance for Georgia and Louisiana apply to these five states as well. Further, BellSouth's proposed performance monitoring plans which would require BellSouth annually to put at risk between 36 and 44 percent of its net local service revenue, depending on the state, for non-compliance, provide adequate safeguards against backsliding by BellSouth and create incentives for BellSouth to engage in continuous improvement of its wholesale services.

BellSouth's entry into the long-distance market in Alabama, Kentucky, Mississippi, North Carolina, and South Carolina is in the public interest. It will increase competition in the long-distance market, particularly for residential consumers. The addition of another stable carrier into the long-distance market is especially important in light of the precarious financial situation of WorldCom, the nation's second largest long-distance carrier. BellSouth's entry into long-

distance in these five states will ensure consumers do not experience reduced choice in the long-distance market, regardless of the outcome of WorldCom's financial crisis.

Rather, BellSouth's entry into long-distance in these five states will lead to lower prices and new service offerings, as evidenced by the experience of consumers after SBC entry into the long-distance market in Texas, Oklahoma, Kansas, Missouri, and Arkansas; after Verizon entry into the long-distance market in New York, Massachusetts, Pennsylvania, Connecticut, Vermont, Rhode Island, Maine, and New Jersey; and after BellSouth entry into Georgia and Louisiana.

In addition, BellSouth's entry into the long-distance market in these states will promote the important goal of the 1996 Telecommunications Act to create good, high-wage jobs in the telecommunications industry.

CWA is in a unique position to comment on BellSouth's long-distance application in Alabama, Kentucky, Mississippi, North Carolina, and South Carolina. CWA represents approximately 18,000 employees at BellSouth in these five states.¹ CWA also represents employees at AT&T, primarily in its long-distance operations, but also in some local service and cable operations. Because CWA represents employees in all segments of the telecommunications industry, CWA

¹ CWA Membership Report, May 2002. Nationally, CWA represents more than 730,000 employees who work in telecommunications and other public and private sector organizations. CWA represents a total of 53,000 BellSouth employees.

must base its position regarding an application by a Bell Operating Company (BOC) to provide long-distance service on the factual evidence regarding Section 271 compliance in that state as well as on the public interest merits of the application.

Based on the evidence, it is clear that in Alabama, Kentucky, Mississippi, North Carolina, and South Carolina, BellSouth has satisfied the market opening requirements of Section 271 and that the public interest will be served by its entry into long-distance. Therefore, CWA supports Commission approval of BellSouth's application in this proceeding.

II. BellSouth Has Met the Market Opening Requirements of Section 271

CWA concurs with the conclusions of the Alabama, Kentucky, Mississippi, North Carolina, and South Carolina Commissions that BellSouth has met the requirements of Section 271 of the Communications Act to open its local network to competition. In Alabama, competitors serve at least 11.2 percent of the local telephone market. In North Carolina, competitors serve at least 12.9 percent of the local phone market. In South Carolina, competitors serve 10.7 percent of the market. In Mississippi, competitors serve 8.0 percent of the market. In Kentucky, competitors serve 7.3 percent of the market.² The competitors' market share in Mississippi and Kentucky is comparable to competitors' market share in Louisiana (8.9 percent), New York (8.7 percent),

² Brief in Support of Application by BellSouth for Provision of In-Region, InterLATA Services in Alabama, Kentucky, Mississippi, North Carolina, and South Carolina, *In the Matter of Joint Application by BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc. for Provision of In-Region, InterLATA Services in Alabama, Kentucky, Mississippi, North Carolina, and South Carolina* ("BellSouth

Texas (8.9 percent), Oklahoma (6.6 percent), Kansas (8.8 percent), Arkansas (8.6 percent), and Vermont (5.7 percent) at the time of their respective Bell Company 271 applications.³

Further, the most recent performance data available indicates that BellSouth has met its Section 271 obligations in these five states. BellSouth met or exceeded retail performance in at least two of three of the most recent months for which data is available for 89 percent of measures in Alabama, 93 percent in Kentucky, 91 percent in Mississippi, 90 percent in North Carolina, and 91 percent in South Carolina. Those figures are slightly higher than the 88 percent in Georgia and 89 percent in Louisiana for the last three months of data before the Georgia/Louisiana supplemental filing.⁴

In May 2002, this Commission unanimously concluded in the *Georgia/Louisiana Order* that BellSouth “has taken the statutorily required steps to open its local exchange markets to competition.”⁵ Because BellSouth’s wholesale processes and systems are regional, this Commission’s findings of Section 271 compliance in Georgia and Louisiana apply to the five states in this proceeding. In particular, BellSouth manages and operates its OSS centrally out of six Centers supporting competitive local exchange carriers (CLECs) on a nine-state regional

Application”), WC No. 02-150, June 20, 2002, 3.

³ *Id.* and Att. 1.

⁴ *Id.* 3.

⁵ Memorandum Opinion and Order, *Joint Application by BellSouth Corp., et al., for Provision of In-Region, InterLATA Services in Georgia and Louisiana* (“*Georgia/Louisiana Order*”), CC Docket No. 02-35, FCC 02-147, May 15, 2002 (rel), 1.

basis. CWA represents the service representatives, maintenance administrators, and electronic technicians who work in these centers.

As CWA noted in the Georgia/Louisiana proceeding,

Employees working in these centers provide pre-ordering, ordering, provisioning, maintenance, and billing services to CLECs on a nine-state regional basis. CWA-represented frontline employees working in these centers confirm that they use the same Methods and Procedures, access the same databases, and receive the same training in serving customers across the nine-state region. These CWA-represented frontline employees also report that they use the same on-line systems as are used by BellSouth retail service representatives (with modifications specially-designed for use in serving CLECs).⁶

Because of the regional nature of BellSouth's wholesale operations, the Commission conclusion in the Georgia/Louisiana proceeding of compliance with Section 271 checklist requirements applies to the five states in this proceeding.

As the Commission noted in approving Bell Atlantic's entry into the long-distance market in New York, parity with retail performance, rather than perfection, meets the checklist requirement of non-discriminatory access.⁷ While CWA supports on-going regulatory efforts to ensure that BellSouth provides high-quality service in both its retail and wholesale operations, in the context of this Section 271 application the record is clear that BellSouth is providing service

⁶ CWA Comments, *In the Matter of Application by BellSouth for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Services in Georgia and Louisiana*, CC No. 01-277, Oct. 19, 2001, 5.

at or above parity with its retail operations, and therefore is in compliance with each and every checklist item.

III. BellSouth Entry into Long-Distance Is in the Public Interest

BellSouth has met the requirements of the 1996 Act to open its local markets in Alabama, Kentucky, Mississippi, North Carolina, and South Carolina to competition. The Commission need not fear backsliding by BellSouth. The Commissions in these states have approved performance plans that require BellSouth annually to put at risk between 36 and 44 percent of its net local service revenue, depending on the state, for a total of \$623 million if BellSouth fails to meet the rigorous performance standards.⁸ These self-executing enforcement mechanisms are similar to those that this Commission concluded in the *Georgia/Louisiana Order* “provide assurance that these local markets will remain open after BellSouth receives Section 271 authorization.”⁹ They adhere to the guidelines established by this Commission in the *New York Order*.¹⁰ Moreover, the financial liabilities for non-compliance, as a percentage of net revenue, meet or exceed the exposure that this Commission found adequate in Georgia, Louisiana, New York, Massachusetts, Texas, Kansas and Oklahoma.¹¹

⁷ Memorandum Opinion and Order, *Application by Bell Atlantic-New York for Authorization Under Section 271 of the Communications Act to Provide In-Region InterLATA Services in the State of New York*, CC Docket No. 99-295, FCC 99-404, Dec. 22, 1999 (rel), 176 (“*New York Order*”).

⁸ BellSouth Application, 142.

⁹ *Georgia/Louisiana Order*, 291.

¹⁰ *New York Order*, 429-443.

BellSouth's entry into long-distance in these five states is clearly in the public interest. The experience in the 15 other states in which SBC, Verizon, and BellSouth now provide in-region long distance demonstrates that consumers, particularly residential customers, benefit from BOC entry into the concentrated long-distance market.

In the 15 states in which they have been granted authority to offer long-distance, SBC, Verizon, and BellSouth offer customers a low per-minute charge with no monthly minimum or monthly recurring charge, all on a single bill. In response to SBC's and Verizon's initial long-distance rate plans and all-inclusive bill, AT&T, MCI WorldCom, and Sprint began to offer discounts on their long-distance plans to customers who signed up for local service and these long-distance companies also reduced intrastate rates. AT&T recently announced plans to compete in the local market in Georgia and WorldCom announced plans to market its local/long distance "Neighborhood" bundle in all of BellSouth's nine in-region states.¹² The Commission's own Local Telephone Competition Report confirms that states with long-distance approval show the greatest competitive entry into the local market.¹³

In light of the precarious financial situation of WorldCom, the nation's second largest long-distance carrier, the public interest will be served by the entry of BellSouth, an additional stable,

¹¹ BellSouth Application, 142.

¹² BellSouth Application, 139-140.

¹³ Competitors captured 23% of local lines in NY, 14% of local lines in Texas, 13% of lines in Pennsylvania and 12% of lines in Massachusetts compared to 9% nationwide. FCC, *Local Telephone Competition: Status as of June*

experienced telecommunications carrier, into the long-distance market. This will ensure that consumer choice in the long distance market is not diminished, regardless of whether WorldCom's financial crisis results in service-affecting cutbacks.

In addition, BellSouth's entry into long-distance is in the public interest because it will stimulate the growth of high-skilled, good jobs in Alabama, Kentucky, Mississippi, North Carolina, and South Carolina. BellSouth's entry into the long-distance market in these states will add more high-wage, high-skilled customer service and operator service jobs in local communities in the fourteen-state region.

V. Conclusion

The Commission should approve BellSouth's application to provide in-region, inter-LATA service in Alabama, Kentucky, Mississippi, North Carolina, and South Carolina. BellSouth has demonstrated that it has met Section 271's market-opening requirements in both states.

BellSouth's entry into long-distance in these markets will benefit consumers with greater choice, lower prices, and new service offerings. Finally, BellSouth's entry into long-distance in these states will stimulate the growth of high-skilled, good jobs.

Respectfully Submitted,

Communications Workers of America

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Dated: July 11, 2002

CERTIFICATE OF SERVICE

This is to certify that I have duly served these comments upon these parties by depositing copies of same in the United States mail, addressed as follows:

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